



JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

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TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES – FISCAL MONITORING OF
AREA AGENCY ON AGING PROGRAM SERVICES FOR FISCAL YEAR
2013-14**

Community and Senior Services (CSS) contracts with cities and community based non-profit organizations (service providers) to provide Area Agency on Aging (AAA) Program services. AAA Program services include meals, legal assistance, health insurance counseling, housekeeping, and personal care for older and functionally impaired adults.

CSS' AAA contracts are either fee-for-service agreements under which providers are paid a set fee for each unit of service provided, or cost-reimbursement agreements which reimburse contractors for actual expenses. At the request of CSS, we contracted with two Certified Public Accounting firms, Simpson & Simpson and Bazilio Cobb Associates dba WatsonRice (Monitors), to conduct fiscal monitoring of the 42 service providers that had contracts with CSS during Fiscal Year (FY) 2013-14. CSS awarded approximately \$19 million to the AAA service providers during the year.

Review Summary

As indicated in the attached schedule, the Monitors identified \$446,126 in questioned costs billed to CSS. Specifically, the Monitors noted:

- \$229,628 in expenditures that were not adequately supported in the service providers' accounting records.

- \$35,249 in program expenditures or units billed not supported with adequate documentation.
- \$164,901 in allocated expenditures not supported with adequate documentation.
- \$16,348 in unallowable expenditures billed to the AAA Program, including stale-dated checks for the Program and expenditures that did not relate to the Program.

In addition, some AAA service providers did not always comply with all AAA and County contract requirements. Specifically, of the 42 service providers:

- Nine (21%) did not have procurement policies and procedures that met the Office of Management and Budget Circular A-110 requirements.
- Four (10%) did not have adequate segregation of duties.
- Two (5%) did not adequately report In-Kind matching costs.

The questioned costs for each service provider and contract compliance issues noted in the reviews are detailed in the Attachment.

Review of Report

The Monitors provided and discussed each report with CSS and each service provider. Of the 33 service providers with questioned costs, CSS indicated that they have collected \$192,933, and are in the process of resolving \$253,193 from 24 service providers.

Due to the number of reviews, copies of individual reports are not enclosed; however, they are available for your review upon request. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:PH:DC:EB:sk

Attachment

c: Sachi A. Hamai, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Public Information Office
Audit Committee

Community and Senior Services
Fiscal Monitoring of Area Agency on Aging Service Providers
Fiscal Year 2013-14

	Service Provider	Contract Amount	Questioned Costs	A	B	C	D	E	F	G
1	Altamed, Inc.	\$ 79,993.00	\$ 94.00			\$ 94.00				X
2	Alzheimer's Association	\$ 57,706.00						X		
3	Armenian Relief Society, Inc.	\$ 53,808.00	\$ 361.10	\$ 95.60		\$ 265.50				
4	Avalon Medical Development Corporation	\$ 39,630.00	\$ 2,115.25	\$ 2,014.00	\$ 101.25					
5	Behavioral Health Services, Inc.	\$ 111,754.00								
6	Bet Tzedek Legal Services	\$ 360,379.00						X		
7	Center for Health Care Rights	\$ 918,132.00	\$ 18,036.06			\$ 17,368.38	\$ 667.68	X		
8	Chinatown Service Center	\$ 453,972.00	\$ 10,375.00	\$ 8,170.00	\$ 2,205.00					
9	City of Alhambra	\$ 53,790.00	\$ 7,596.24	\$ 7,299.73		\$ 296.51				
10	City of Azusa	\$ 150,212.00	\$ 583.25		\$ 583.25					
11	City of Burbank	\$ 333,546.00	\$ 640.45			\$ 152.55	\$ 487.90			
12	City of Claremont	\$ 96,498.00	\$ 369.00	\$ 369.00						
13	City of Culver City	\$ 200,994.00								
14	City of El Monte	\$ 160,964.00	\$ 4,674.83	\$ 3,713.05		\$ 961.78				
15	City of Gardena	\$ 434,319.00	\$ 8,369.43		\$ 208.92	\$ 8,160.51				
16	City of Glendale	\$ 219,950.00								
17	City of Inglewood	\$ 634,566.50	\$ 101,656.26	\$ 80,679.00	\$ 2,132.25	\$ 18,845.01				
18	City of Norwalk	\$ 54,008.00								
19	City of Pomona	\$ 127,108.00	\$ 696.37		\$ 696.37					
20	City of San Fernando	\$ 85,961.00	\$ 4.50		\$ 4.50					
21	City of South El Monte	\$ 156,661.00	\$ 6,028.30		\$ 2,149.60		\$ 3,878.70		X	X
22	City of West Covina	\$ 159,855.00	\$ 7,604.28	\$ 5,455.34		\$ 2,148.94				
23	Consulting Nutritional Services, Inc.	\$ 427,973.00							X	
24	Food and Nutrition Management Services, Inc.	\$ 514,671.00	\$ 19,399.70		\$ 13,086.00		\$ 6,313.70			
25	Grandparents as Parents, Inc.	\$ 144,772.00	\$ 49,366.00			\$ 49,366.00			X	
26	Heritage Clinic and the Community Assistance Program for Seniors	\$ 53,809.00	\$ 5,074.31			\$ 5,074.31				
27	Human Services Association	\$ 2,337,541.20	\$ 149.95		\$ 149.95					
28	Jewish Family Services of Los Angeles	\$ 452,188.00	\$ 14,806.02		\$ 746.75	\$ 14,059.27		X		
29	Just Rite Community Programs, Inc.	\$ 183,883.00	\$ 8,522.00			\$ 8,522.00		X		
30	Little Tokyo Service Center Community Development Corporation	\$ 27,588.00	\$ 3,105.00		\$ 3,105.00			X		

Community and Senior Services
Fiscal Monitoring of Area Agency on Aging Service Providers
Fiscal Year 2013-14

	Service Provider	Contract Amount	Questioned Costs	A	B	C	D	E	F	G
31	Office of Samoan Affairs	\$ 53,791.00	\$ 635.00	\$ 635.00					X	
32	Oldtimers Foundation, Inc.	\$ 2,045,819.00	\$ 96,048.15	\$ 90,958.00	\$ 90.15		\$ 5,000.00	X		
33	Santa Anita Family Services	\$ 786,788.00	\$ 3,239.75		\$ 509.75	\$ 2,730.00		X		
34	Santa Clarita Valley Committee on Aging Corporation	\$ 880,626.00								
35	Senior Care Action Network Health Plan	\$ 300,384.00	\$ 24,627.00			\$ 24,627.00				
36	Southeast Area Social Services Funding Authority	\$ 792,557.81								
37	Special Services for Groups, Inc.	\$ 358,385.00	\$ 423.50		\$ 423.50					
38	University of Southern California	\$ 227,121.00	\$ 12,063.59		\$ 8,432.42	\$ 3,631.17				
39	Watts Labor Community Action Committee	\$ 43,309.00	\$ 562.50		\$ 562.50					
40	Wise & Healthy Aging	\$ 866,182.00	\$ 1,964.20			\$ 1,964.20				
41	YMCA of Metropolitan Los Angeles	\$ 196,994.00	\$ 33,479.42	\$ 30,239.00		\$ 3,240.42		X		
42	YWCA of San Gabriel Valley	\$ 3,388,802.00	\$ 3,455.45		\$ 61.80	\$ 3,393.65				
Total:		\$ 19,026,990.51	\$ 446,125.86	\$ 229,627.72	\$ 35,248.96	\$ 164,901.20	\$ 16,347.98	9	4	2

Footnotes

- A** Program expenditures or revenue recorded in the service provider's accounting records did not match the amount that was invoiced to Community and Senior Services.
- B** Program expenditures or units billed were not supported with documentation.
- C** There was no documentation to support how the allocation of expenditures was determined.
- D** Unallowable expenditures were charged to Community and Senior Services, such as: stale-dated checks, payments on an expired Contract, expenditures that did not relate to the Program and Less-than-Arm's Length transactions.
- E** Procurement policies and procedures did not meet Office of Management and Budget Circular A-110 requirements.
- F** Lack of segregation of duties.
- G** Inadequate reporting of In-Kind matching costs.